



AEGIS
WEALTH PARTNERS, LLC

Week in Review

20 November 2017

This was a mixed week for equity markets with more declines than gains. In the US, the NASDAQ was up 0.49% while the S&P500 was down -0.13% and the Dow Jones was down -0.27%. Industry gains were led by Consumer Discretionary (1.26%), Consumer Staples (0.97%) and Telecomm (0.81%). Declines were led by Energy (-3.38%), Industrials (-1.06%), and Real Estate (-0.85%).

In Europe, the only winner was Switzerland (0.54%) while Italy (-2.07%), France (-1.14%) and Germany (-1.02%) all lost more than 1%.

In Asia, Hong Kong finished 0.27% up for the week while India was barely in the black at 0.08%. China fell -1.45% and Japan was down -1.25%.

U.S. and North America

by Dave Schiller

The October *CPI* report came out and for the most part, it matched expectations. Headline CPI is at 2.0%, but core CPI still lags slightly at 1.8%. Things are moving in the right direction albeit slowly.

Import and Export Prices rose less than expected. On an annualized basis, import prices fell from 2.7% to 2.5% while exports were down from a revised 2.8% to 2.7%.

The *Treasury Budget* saw a move from an \$8.0B surplus in September to a \$-63.2B deficit in October. In the last 12 months the deficit has grown by 38%.

The *Treasury International Capital* report indicated demand for US securities grew. In September \$80.9B were purchased, up from \$67.2B the prior month.

The *Producer Price Index-Final Demand* (PPI-FD) report was ahead of consensus as headline PPI jumped two ticks to 2.8% annually. Core PPI also rose two ticks to 2.3%.

Industrial Production jumped big this month. Production rose 0.9%, almost double expectations. Manufacturing was up a full point above consensus, 1.3% vs 0.3%. Capacity Utilization rate topped the consensus range at 77.0%. This was a solid report.

The *Philadelphia Fed Business Outlook Survey* was down to 22.7. Although the report showed a slowdown, it was a welcome one.

The Empire State Manufacturing Survey slowed down. Similar to the Philly Survey, the report was strong, but more closely matched the actual Fed data. Prior readings hinted at overheating.

Business Inventories were flat for September. That was within the consensus range, but below the actual target of 0.1% growth. Sales were up, largely in response to the hurricanes. Expect output to increase in the coming months.

Housing Starts were up big with the number coming in over 100k above expectations. October reversed a trend of several months of declining starts.

The *Housing Market Index* increased from 67 in October to 70 in November. Home builders are reporting higher traffic and sales. As usual, the West and South are leading the way, but the Northeast and Midwest were both strong as well.



Jobless Claims were up 10k for the week of 11 November. The labor market remains tight with wage growth expected to move upwards.

Retail Sales mostly hit expectations. Headline sales were up 0.2%. Minus autos and gas, sales were up 0.3% in October.

The *EIA Petroleum Status Report* saw crude inventories up 1.9M barrel while gasoline stores grew 0.9M barrels. Compared to one year ago, inventories are down 5%-15%. As demand continues to increase, expect more exploration to be on the horizon.

In **Canada**, *CPI* was up 0.1% in October and 1.4% annually. Six of the eight components were up.

Manufacturing Sales were up 0.5% in September. That was a full point ahead of expectations. Annually, sales are up 4.6%. Petroleum and coal were big contributors. The breadth of industry participation was quite low, however. Only 7 of 21 industries were up.

Europe

by Dave Schiller

In the **Eurozone**, the *GDP Flash* report for Q3 matched the level for Q2. For the quarter, GDP was up 0.6% and 2.5% annualized. Overall, things look to be moving along relatively well for many of the economies.

Industrial Production fell 0.6% in September, although that was better than expected. For the year, IP is up 3.3%. Germany and Italy contributed to the decline while France boosted the report.

The *HICP* report match expectations as inflation was up 0.1% in October and 1.4% on an annualized basis. There is still some sluggishness that persists.

The Merchandise Trade report saw the trade balance increase its surplus to €25.0B in September. Imports were down 1.2% while exports increased by a nearly identical number (1.1%).

In the **UK**, *CPI* fell just short of expectations. Inflation was up 0.1% in October and the annual inflation rate remained at 3.0%. Expectations for a rate hike of up to 0.5% are increasing.

Producer Price Index was up 2.8% on the Output side and 4.6% on the Input side. These figures were slightly lower than expected. If the Sterling can gain some strength then these numbers should be manageable.

The *Labour Market Report* saw unemployment hold steady at 4.3% while wage earnings were slightly ahead of expectations at 2.2%.

Retail Sales were better than expected. For October, sales increased 0.3%. Annually, sales were believed to come in at -0.6%, but they fell on -0.3%.

In **Germany**, the *GDP Flash* was very strong with Q3 growth at 0.8%. Annualized, GDP is now at 2.8%. This is a good report for Germany that officials hope will spill over into the rest of the region.

The *ZEW Survey* of German financial experts was stronger in November than last month. Expectations, however, was short of expectations. The recent trend though is for continued strength.

CPI held steady compared to last month. For October, inflation was flat while the annual rate is at 1.6%.



In **France**, the *ILO Unemployment Rate* was up 0.2% from last quarter (currently at 9.4%). The largest increase was in the 25-49 age bracket. Macron's government has some reform measures that need to help correct this issue.

CPI was up 0.1% for October while the annual figure is at 1.1%. The report matches the prior month as well as expectations. The economy is improving, but unemployment will slow the process.

In **Italy**, *CPI* was stable from last month, -0.2% for the month and 1.0% annualized. Similar to France, the economy has improved, but inflation hasn't moved upward yet.

GDP was up 0.5% in Q3 which was a tick above Q2. For the year, GDP is now at 1.8% compared to 1.5% last quarter.

In **Switzerland**, the *Producer and Import Price Index* report was up 0.5% in October and 1.2% for the year.

Asia / Australasia

By: Dave Schiller

In **China**, *Industrial Production* was up 0.51% in October and 6.2% annually. This was a slight drop from the previous month. Manufacturing was strong, but several other industries were down.

Fixed Asset Investment is up 7.3% for the year ending October 2017. This was a tick below expectations. Government officials have tried to cool parts of the economy down and it appears to be working.

Retail Sales fell short of consensus, 10.0% vs 10.4%. Housing and big-ticket items contributed to that drop.

The *Housing Price Index* was up 5.4%, almost a full point below last month. Cooling down the housing market was a major focus for officials so this is welcome.

In **Japan**, *GDP* was up 0.3% for Q3 and 1.7% for the year. The focus will be on the revised GDP reports. If confirmed, expansion will be seven consecutive quarters.

In **India**, the *Merchandise Trade Balance* saw the deficit grow from \$-8.98B to \$-14.02B in October. Imports were down (18.09% to 7.6%), but exports actually contracted (25.67% to -1.12%).




Market Review

Index	Close	Week Change	% Week Change	% YTD Change
DJIA	23358.24	-63.97	-0.27%	18.19%
NASDAQ Composite	6782.79	31.85	0.49%	26.00%
S&P 500	2578.85	-3.45	-0.13%	15.19%
FTSE 100 (UK)	7380.68	-52.31	-0.70%	3.33%
DAX (Germany)	12993.73	-133.74	-1.02%	13.18%
CAC 40 (France)	5319.17	-61.55	-1.14%	9.40%
IBEX 35 (Spain)	10010.40	-82.30	-0.82%	7.04%
FTSE MIB (Italy)	22092.95	-467.84	-2.07%	14.86%
Swiss Market (Switzerland)	9183.61	49.45	0.54%	11.72%
Nikkei 225 (Japan)	22396.80	-284.62	-1.25%	17.17%
Hang Seng (HK)	29199.04	78.12	0.27%	32.72%
Shanghai Composite (China)	3382.91	-49.77	-1.45%	9.00%
S&P BSE Sensex (India)	33342.80	28.24	0.08%	25.22%
S&P/ASX (Australia)	5957.30	-72.10	-1.20%	5.14%
10-Year US Bond Yield	2.371%			

Source: Wall Street Journal. Past performance does not guarantee future results.

Aegis Wealth Partners, LLC
 7702 E Doubletree Ranch Road, Suite 300
 Scottsdale, AZ 85258
 (T): 480.348.3975
www.aegiswealth.net

: @AegisWealth

: @aegiswealth

LinkedIn : Aegis Wealth Partners, LLC

AEGIS WEALTH PARTNERS, LLC IS A REGISTERED INVESTMENT ADVISER. INFORMATION PRESENTED IS FOR EDUCATIONAL PURPOSES ONLY AND DOES NOT INTEND TO MAKE AN OFFER OR SOLICITATION FOR THE SALE OR PURCHASE OF ANY SPECIFIC SECURITIES, INVESTMENTS, OR INVESTMENT STRATEGIES. INVESTMENTS INVOLVE RISK AND UNLESS OTHERWISE STATED, ARE NOT GUARANTEED. BE SURE TO FIRST CONSULT WITH A QUALIFIED FINANCIAL ADVISER AND/OR TAX PROFESSIONAL BEFORE IMPLEMENTING ANY STRATEGY DISCUSSED HEREIN